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Report Highlights:

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This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

STATISTICS CANADA RELEASES GRAIN STOCKS FOR 2003: According to the latest *Field Crop Reporting Series* report from Statistics Canada, stocks of major Canadian grains, including both on-farm and commercially stored grains, were up sharply as of December 31, 2003, compared with the same date in 2002. The increase was the result of improved field crop production after the drought-reduced harvest of 2002. Stocks of wheat, barley, oats, canola and grain corn all improved. Barley and canola stocks returned to near normal levels. Wheat stocks (on farm and in commercial positions) amounted to 17.6 million metric tonnes (MMT) as of December 31, 28% higher than the drought affected level of 13.8 MMT in 2002. The 10-year average is 21.1 MMT. Stocks of durum wheat amounted to 3.9 MMT, up 10% from 3.5 MMT in December 2002. The five-year average is 4.5 MMT. Barley stocks rose to 8.3 MMT as of December 31, 2003, up a resounding 57% from 5.3 MMT in 2002. The 10-year average is 9.4 MMT. Canola stocks amounted to 4.1 MMT at December 31, 2003, up 28% from 3.2 MMT in 2002. The latest total is near the five-year average of 4.3 MMT. Stocks of grain corn rose 3% to a record 7.6 MMT, breaking the previous record set in 1999. This estimate, well above the 10-year average of 6.3 MMT, is attributable to record production in Quebec and an increase in Ontario. *Comments: Industry insiders were expecting higher canola stocks, in the range of 4.2-4.5 MMT. The trade views the smaller canola stocks number as confirmation of higher than expected domestic disappearance as well as a tightening demand-supply situation.*

LOW OIL CONTENT IN '03 WESTERN CANADIAN CANOLA: The January 29 *Agriline* reports that low oil content in western Canadian canola in '03 is causing some problems for exporters, according to trade sources. Oil content is 41.7% in No. 1 canola this season and 41.5% for all grades, according to the Canadian Grain Commission's harvest survey. Some importers are specifying minimum 42% content in purchase contracts, which can be difficult to source. Only Alberta's canola crop exceeded 42% oil content in the top grade.

MONSANTO STAYS COMMITTED TO GM WHEAT PLAN: A CBC article covered by the February 4 edition of *Good Morning Ontario* reported that Monsanto says it has no intention of abandoning GM wheat at least until farmers unequivocally tell it to. Monsanto officials say the company has applied for registration of its Roundup Ready wheat in several countries, including Canada. The process could take another 12 to 15 months. Monsanto spokeswoman Trish Jordan says even if it gets the approval it needs, Monsanto will not sell GM wheat if farmers don't want it. "At the end of the day, if farmers say, 'Hey, we're not interested in investment in wheat and we're not interested in applying the benefits of biotechnology to wheat,' that's a decision that ultimately we'll look at that and say, 'Okay, we've got other places where we can and are investing in biotech crops,'" she says. "We want wheat to be part of that and farmers will ultimately make that decision as to whether that happens."

DAIRY FARMERS ATTEND EMERGENCY HOUSE OF COMMONS BSE DEBATE: According to a February 5 press release from Dairy Farmers of Canada (DFC), 125 dairy producers went to an emergency debate of the Standing Committee on Agriculture hear Members of Parliament (MPs) debate the impact of bovine spongiform encephalopathy (BSE) in the House of Commons. Dairy farmers from across Canada were in Ottawa for the DFC Annual Policy

Conference. Bob Speller, Minister of Agriculture and Agri-Food spoke at the conference. Dairy producers asked the Minister to devise an action plan to address the hardships producers face. Minister Speller said: "One thing I can do is give you my assurance that the Government of Canada takes this very seriously. The Prime Minister of this country is deeply engaged in this issue." According to DFC, prior to May 20, 2003, the sales value of dairy calves, replacement heifers and mature cows was about \$1.5 million a day. "Now is the time for the Government to bring forward a plan of action to help all stakeholders affected," said Bruce Saunders, DFC's 2nd Vice-Chair.

RIVERSIDE FOREST PRODUCTS BUYS LIGNUM LTD. IN \$100 MILLION DEAL: The February 3 edition of the *Vancouver Sun* reported that, in a deal worked out between Lignum Ltd. and Riverside Forest Products, Lignum Ltd., with one Williams Lake sawmill, is to be merged into publicly traded Riverside in a \$100 million deal. Lignum CEO Jake Kerr, along with his brother Tim, put the deal together with long-time friend Gordon Steele, CEO of Riverside Forest Products, over the last few months. Kerr, one of British Columbia's most high-profile lumbermen and an outspoken advocate of a negotiated end to the softwood lumber war with the U.S., said he intends to remain active in the industry and in the U.S. trade file, saying that he wants a negotiated settlement to the softwood lumber dispute, "I want to get my deposits back on the softwood lumber deal. I have \$20 million at play there. If anyone wants to know why I am pro-settlement, that will give them another reason."

2003 BUILDING PERMITS BREAKS RECORD SET IN 2002: According to Statistics Canada, Canada experienced a building boom in 2003, as municipalities smashed records for both residential and non-residential intentions and the value of building permits soared past the C\$50-billion mark for the first time. In total, municipalities issued \$50.8 billion in building permits, up 7.5% from the previous record of \$47.3 billion set in 2002. It was the eighth consecutive year in which the value of permits increased. The torrid demand for new housing drove construction intentions to their new peak. Permits in the housing sector hit a record of more than \$32.0 billion, up 8.3% from the previous high of \$29.6 billion, also set in 2002. Municipalities authorized 223,106 new dwellings in 2003, the highest since 1988, when 234,132 units were authorized. Records for overall construction intentions were smashed in every province except Prince Edward Island and Alberta in 2003. The most important rise (in dollars) from 2002 occurred in Quebec.

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